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C O N F I D E N T I A L SECTION 01 OF 02 PRAGUE 001234

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SUBJECT: CZECH POLITICS: CUNEK HALF-WAY OUT THE DOOR

REF: PRAGUE 1153

Classified By: POLEC COUNSELOR MICHAEL DODMAN FOR REASONS 1.4 (B) AND (D)

11. (C) SUMMARY: Corruption has brought down another high-profile Czech politician. Jiri Cunek, head of the KDU-CSL party (Christian Democrats), formally resigned on November 13 from his cabinet post of Deputy Prime Minister and Minister for Regional Development. While Cunek's latest scandal proved to be the proverbial last straw when it came to his presence in the cabinet, the KDU-CSL leadership threw the embattled politician a lifeline, allowing him to remain -- at least temporarily -- as the party's chairman. Cunek also retains his Senate seat. While Cunek's departure from the cabinet leaves another ministry leaderless, PM Topolanek's government should be able to weather this storm without major problems. END SUMMARY.

THE FALL OF THE COUNTRY BUMPKIN?  
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12. (C) Political commentators have likened Jiri Cunek's brief appearance on the national political scene to the trajectory of a fast-moving comet. Last year, Cunek arrived in Prague in triumph as a recently elected senator and the new head of KDU-CSL, one of the three parties that would eventually form PM Topolanek's government. Cunek's newness, however, quickly wore off, as he became plagued by allegations of corruption related to his tenure as the mayor of Vsetin, a small provincial town in eastern Moravia, as well as unsavory stories about his treatment of Vsetin's Roma. It also quickly became apparent that Cunek's administrative skills were no match for the challenges of managing the Ministry for Regional Development and of unlocking the EU's coffers to secure funding for various government priorities.

13. (C) Cunek's ineptitude, the ongoing investigation of his past financial misdeeds, and the Green Party's opposition to his presence in the cabinet during the investigation, however, were not enough to dislodge him from the Topolanek government, which after all would not exist without the support of Cunek's KDU-CSL. What finally brought Cunek's comet down after 10 months in office was another financial scandal. In mid-October, a Czech TV report that Cunek's family accepted state assistance while maintaining millions of Czech crowns on deposit at various banks returned Cunek to the headlines and sealed his fate in the government. Cunek, who initially vowed to clear his name, resigned under pressure from PM Topolanek. However, he managed to stop his freefall from power in a subsequent meeting of the KDU-CSL leadership, during which Cunek managed to keep his position as the party's chairman. He also retains his Senate seat. Cunek will have to defend his KDU-CSL chairmanship in April 2008, when the party is scheduled to hold its national convention. Former KDU-CSL chairman Cyril Svoboda recently

told emboff that while the party was not prepared to throw Cunek over board just yet, it may be ready for a change in leadership come next spring.

14. (C) Cunek's departure from the government was welcomed by nearly everyone in and outside the government except for a few die-hard fans in KDU-CSL, who believed Cunek's downfall was the result of a conspiracy. To some, however, his exit was long overdue and his ability to hang on for so long only demonstrated that corruption in Czech politics was tolerated and that Cunek's only "problem" was his inability to hide sufficiently well the proceeds of his corrupt activities. By this cynical line of reasoning, Cunek the country bumpkin did not realize that Prague was different from the countryside, where low-level corruption was tolerated, and that in Prague one could get away with tens of millions, but only if they were carefully laundered and well hidden. In other words, Cunek was an amateur compared with his Prague colleagues when it came to trading political influence for cash. The case of former PM Stanislav Gross, who recently managed to get away with tens of millions of crowns acquired through a dubious business transaction, would seem to bear out this argument (reftel).

OR A STRATEGIC RETREAT?

15. (C) That Cunek is only half-way out the door of Czech politics is due to several reasons. Chief among them are KDU-CSL's internal problems (see below), but also the razor-thin margin PM Topolaneck's coalition holds in the parliament. Topolaneck cannot put too much pressure on Cunek because he needs KDU-CSL's support to keep his government in power. Topolaneck's ODS is also in full presidential campaign

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mode, hunting for pro-Klaus votes in preparation for the February 2008 election. Again, every KDU-CSL vote will be important for Klaus, and to some degree, for Topolaneck, whose position might be threatened by a Klaus loss. Similarly, when it comes to the planned health and social security reforms or the vote on the MD radar, Topolaneck will need KDU-CSL support.

16. (C) Taking all this into account, Cunek likely decided that he could continue to exert influence on the government, even without the DPM title. He has also been coy about a possible come-back. It is not difficult to imagine a scenario where Cunek is cleared of the pre-2006 corruption charges, given that the investigation has already been politicized and seems to have been going his way before the state assistance scandal. Since Cunek managed to cobble together an explanation, although a far-fetched one, for the millions he had on deposit while receiving government aid, he may escape the latest scandal too. Some time out of the limelight may be just the thing for Cunek to lick his wounds, let the dust settle, and plot his return.

THE UNCERTAIN FUTURE OF KDU-CSL

17. (C) If the KDU-CSL members were to go by polls alone, Cunek would be history. Not only did he fail to reinvigorate the party after its poor showing in the 2006 parliamentary elections, but he also added to its woes. This week, all major dailies published the results of the latest public opinion poll, which showed support for KDU-CSL slipping to 5.7 percent, dangerously close to the 5 percent threshold for a party's entry into the Czech parliament. Cunek's popularity also took a nose-dive, falling 11 percent to 19 percent. These numbers are indicative not only of the Cunek-related negative publicity, but also of a longer-term malaise affecting the party. Cunek's ability to 1) vault to the top of KDU-CSL leadership in 2006 as a relative unknown, and 2) survive as the chairman even after his financial scandals came to light, should not be taken as a sign of

Cunek's superior political skill. In both instances, Cunek simply reaped the benefits of the party's major weakness: its inability to groom future leaders.

18. (SBU) Except for the period of the Opposition Agreement (1998-2002), KDU-CSL has been in all post-1989 Czech governments. The party's centrist position in Czech politics made it a natural -- and necessary -- coalition partner for the two dominant parties, ODS and CSSD. The party's declining fortunes at the ballot box, however, raise the question of whether the party can survive without an infusion of new blood, especially at the top. Without new leaders and a new vision that would attract additional voter support, KDU-CSL may be able to hang on for a while longer, but time does not appear to be on the party's side. The next local and Senate elections will take place in the fall of 2008 and should be a good barometer of KDU-CSL's prospects in future Czech governments.

COMMENT

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19. (C) While the Greens no longer have to hold their noses as they sit in cabinet meetings with Cunek and Topolanek has also probably breathed a sigh of relief at Cunek's departure, Cunek has not disappeared completely. As the head of one of the three coalition parties, he will continue to play a significant role in the Topolanek government, at least in the background. While having two empty ministerial posts (Kuchtova's Education and Cunek's Regional Development) has probably been disruptive, it is not a serious problem for the government. Former KDU-CSL chairman Cyril Svoboda has stepped in for Cunek, and Greens' chairman Martin Bursik has taken over Education. Topolanek has also begun to press the two parties to fill the empty slots. Topolanek's coalition should therefore be able to survive Cunek's departure. The PM and his coalition might be in real trouble, however, should the Cunek comet decide to make a reentry into the cabinet at some point in the future.

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